

against coin, since it would be highly improbable and imprudent that any bank should be without a small supply of coin which might be made available for such a purpose. This view of the matter is based, however, upon the theory that the population and trade of Scotland were to remain stationary or to decline, as actually happened to the population of Ireland. An advancing population and volume of trade must gradually feel the fetters cramping the flesh of commerce and this has been to some extent the experience of Scotland. "The only effect of this law/* upon the banks, according to M. Courcelle-Seneuil, "has been to limit their productive power, in condemning them to keep in reserve a •considerable sum without necessity." ¹ Protests against the operation of the Act of 1845 have been frequently made by the Scotch chambers of commerce and experience has seemed to justify the early criticism of Mr. Gilbart, "that restrictions upon banks are taxes upon the public." ² But Scotland had already passed the point in 1845 where free banking was of supreme importance to her industrial development, limitations upon her circulation might hamper the operations and reduce the profits of the banks, but they could not unlearn the lessons in saving and in the use of banking facilities which had been taught by a century of free banking. The Scotch circulation has continued to fluctuate in some degree according to the seasons, the lowest point being reached in March and the highest in November. The advance, however, is not steady from March to November, but rises to a high point in May and then falls slightly until the advance sets in which culminates in the autumn. May and November are the months when the interest on mortgages is usually settled, annuities are paid, the country people take the interest on their deposits, and servants receive their wages. It was the custom during the first half of the present century to settle all such transactions by bank-notes. This made it easier for the banks to keep their accounts than under the system of drawing odd amounts in checks ; for a

¹ *Traité des Opérations de Banque* ^ 298.

² *History) Principles ^ and Practice of Banking*, II., 182.